

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 1997

Docket No. R97-1

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
DONALD J. O'HARA (NAA/USPS-T30-21-25)
September 17, 1997**

The Newspaper Association of America hereby submits the attached interrogatories to United States Postal Service witness Donald J. O'Hara (USPS-T-30) and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

September 17, 1997

William B. Baker
William B. Baker

NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
DONALD J. O'HARA (NAA/USPS-T30-1-20)

NAA/USPS-T30-21. Please refer to your response to DMA/USPS-T30-4(b).

You state that Standard A Mail is "deferrable at any point in the postal system from deposit to delivery, unless such mail has been combined with First-Class Mail, such as during the first pass of delivery-point sequencing."

- a. Please provide all studies or analyses that estimate that amount of Standard A Mail which is combined with First-Class Mail prior to the city delivery carrier.
- b. Does the Standard A Mail which is combined with First-Class Mail receive a higher level of service than this mail has traditionally received? Please explain your response.
- c. Does the Standard A Mail which is combined with First-Class Mail receive a higher level of service than Standard A Mail which is not combined with First-Class Mail? Please explain your response.

NAA/USPS-T30-22. Please refer to your response to NAA/USPS-T30-1.

Please describe all aspects of the "value of service" which are not measured in the own-price elasticity.

NAA/USPS-T30-23. Please refer to your response to NAA/USPS-T30-11(a).

- a. Please define your interpretation of "direct substitutes."
- b. Please explain why you do not consider the Automation 5-digit service in Standard Regular mail to be a "direct substitute" for the ECR basic mail service, given that mailers can choose to enter their mail as Automation 5-digit rather than ECR basic in response to rate differences.

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NAA/USPS-T30-24. Please refer to your response to NAA/USPS-T30-14(c).

- a. Please confirm that the "loss in economic efficiency" depends upon how much the rates derived using your proposed cost coverages deviate from the Ramsey prices derived by Witness Bernstein. If you cannot confirm this statement, please explain why.
- b. Please confirm that the "loss in economic efficiency" that would result if incremental costs were used as attributable costs rather than marginal costs also depends upon how much the rates derived from the cost coverages applied to the incremental costs deviate from Ramsey prices. If you cannot confirm this statement, please explain why.
- c. Please provide a calculation of the loss in consumer welfare that results from rates derived using your proposed cost coverages rather than Ramsey prices.

NAA/USPS-T30-25. Please refer to your answer to NAA/USPS-T30-9. In designing rates, did you consider the following quotation from paragraph 4088 of the Commission's *Recommended Decision* in Docket No. R90-1 (Jan. 4, 1991):

. . . we have reviewed the unit contribution from low cost subclasses to be assured that they are providing ore than minimal amounts to offset institutional costs. Should a separate subclass be established for mail which had practically no attributable costs, we would expect that subclass to provide a meaningful contribution in unit terms, even if this would compute to an extremely high markup index.

- a. If you did consider this quotation and the discussion in the *Recommended Decision* of which it is a part, please explain what effect did your consideration have on your proposed institutional cost assignments to First Class and Standard (A) Regular and ECR mail..
- b. If you did not, please explain why not.